

THE IMPACT OF MARKET ORIENTATION ON BUSINESS PERFORMANCE AND WEBSITE ADOPTION: A STUDY AMONG IRANIAN SMES

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ABSTRACT

Studying the impact of market orientation on business performance has been a popular research topic in recent years. However, there seems to be a lack of empirical studies that measure market orientation in an e-commerce environment. According to previous studies market orientation is a prerequisite for a successful business operation, but actually there is not enough evidence in support of this relationship in an Iranian context and particularly about the impact of market orientation on the perception of managers toward having websites. To test these assertions, this study looks into the nature of the relationships between market orientation, company performance and website adoption using 117 website adopters and 102 non-website adopters as sample data from Iranian SMEs. Narver and Slater's scale (MKTOR) for market orientation, Weerakoon's Multi-Model Performance Framework (MMPF) for business performance and Technology Acceptance Model (TAM) for website adoption are tested and used. Confirmatory factor analysis was carried out to validate the measures in the study. Regression analysis was performed to determine whether market orientation is associated with firm's performance and website adoption using the Partial Least Square (PLS) technique. Our findings suggest that market orientation is affecting business performance in both sample groups, while Iranian SMEs with higher levels of market orientation are more willing to use website as a business tool in comparison with firms with lower level of market orientation. In website adopters sample group, behavioral intention, perceived usefulness and perceived ease of use has positive direct effect on website adoption, although perceived usefulness plays most important role. Among non-website adopters, behavioral intention, perceived usefulness and perceived ease of use are not found to have any positive impact on website adoption.

Managers of both sample groups have a positive attitude toward having websites while this attitude is found to be greater among website adopters than non-website adopters. Furthermore, website adopters report that having website would enhance their job performance and effectiveness while non-website adopters believe websites is not so helpful in their jobs.

KEYWORDS

Marketing, Internet marketing, Market orientation, Business performance, Website adoption, Small and Medium-Sized Enterprises (SMEs)

1. INTRODUCTION

The prevalent business environment is highly competitive and is characterized by such norms as the globalization and deregulation of markets, aggressive competition and ever-rising expectations of customers. To compete and survive in the severely competitive global marketplace, firms have to pay more attention to the needs of customers. They must constantly innovate in every aspect of their business including new technology adoption particularly websites and also need to continuously seek improvements in their products and services so as to ensure a positive performance. As a result many firms are changing their business operations from a production-oriented approach to a market-oriented approach. In this context the importance of the marketing concept as a central tenant of marketing has been discussed by many authors for decades (Felton, 1957; Houston, 1986; Levitt, 1975). Market orientation is grounded in the marketing concept and is the cornerstone of marketing management and the marketing strategy paradigm (Hunt, 2000). The Marketing Science Institute has recognized the importance of market orientation for many years, and today it remains a research priority. Since the inception of the marketing concept, there have been studies linking a number of individual constructs to market orientation. These include the linkage between market orientation and business performance that has been strongly investigated in the literature, especially, in developed countries like the United States. One of the main objectives of this paper is to examine the relationship between these two constructs in the transitional economy of Iran.

On the other hand, in recent years the internet has received significant attention both as a technological innovation and as a useful tool to collect market information. Indeed, the internet has achieved very rapid diffusion throughout many sectors of society. The internet represents an extremely efficient medium for accessing, organizing and communicating information (Hamill, 1997). It is believed that companies that are more market oriented and therefore exhibit more concern in gathering information about customers and competitors are more willing to use the internet and seek to establish their presence on the internet by having a website at an early stage. The other objective of this study is therefore to investigate the relationship between market orientation and firms' attitude toward adoption of websites; to this end we have divided the sample population in two groups of website adapters and non-website adapters.

Approximately 96% of enterprises in Iran are SMEs. According to a study conducted by United Nations in Iran in 2003, the SME sector has tremendous scope for growth and a great potential for generating new jobs as well as regional and local development. However, the economy of Iran is to a very large extent determined by large public and quasi-public

enterprises. In fact these enterprises control up to around 80% of the economy. According to Becherer et al. (2001) SMEs tend to have a small management team and there is a great potential for the CEO's vision to be reflected strongly in the organizational characteristics and operations. Much of the entrepreneurial firm is the expression of its founder's vision and philosophy, so, the continued operation of small and medium-sized firms reflects the priorities and marketplace perspective of the company's CEO. It is clear that strengthening the SME sector is an important direction for improving the economy of Iran as the country would become less dependent on oil and gas exports (UNIDO, 2003).

This study seeks to contribute to the existing literature on market orientation, business performance and internet adoption in a number of ways: firstly, the characteristics of underlying factors of market orientation in Iranian SMEs will be examined; secondly, from a theoretical view point, the degree to which market orientation factors are related to business performance will be considered and finally the relationship between the perception of managers in market oriented firms toward website adoption will be explored. Broadly, the present study also seeks to investigate the validity of the market orientation, business performance and website adoption constructs in the very different socioeconomic, cultural and business environment of Iran.

2. MARKET ORIENTATION, BUSINESS PERFORMANCE AND WEBSITE ADOPTION

2.1 Market Orientation

The customers of today expect a higher level of product/service quality than ever before because they have more choices and possess better knowledge about the product/service offerings. The challenge for any business in seeking to remain competitive is to determine what its customer's want, which in essence is the philosophy behind marketing. The marketing concept suggests that the long-term purpose of a firm is to satisfy customer needs for the purpose of maximizing corporate profits (Kohli and Jaworski, 1990). The term "market orientation" refers to the degree to which a firm implements the marketing concept (McCarthy and Perrault, 1984). Although different definitions of market orientation are available, this study is based on the definition used by Narver and Slater (1990) as it outperforms all the other definitions.

Narver and Slater (1990), have hypothesized market orientation as a one dimensional construct consisting of three behavioral components - customer orientation, competitor orientation and interfunctional coordination - and two decision criteria - a long term focus and profit objective. They define market orientation in term of culture and relate it to the fundamental characteristics of the organization. Market orientation is seen to be "...the organization culture that most effectively creates the necessary behaviors for the creation of superior value for buyers and thus continuous superior performance for the business". In this study 19 items of the MKTOR scale developed by Narver and Slater (1990) are used in the questionnaire for measuring market orientation level of Iranian SMEs.

2.2 Market Orientation and Business Performance

In the past decade, a steady stream of research has focused on the impact of market orientation upon firm performance. In this regard, there are two opposite views. On the positive side scholars like Keith (1960), Levitt (1975), Kotler (1991), Rogers (1985) and Day (1994), all subscribe to the belief that market orientation is the key to successful business performance.

On the other hand, a number of authors have questioned the link between market orientation and business performance. For example, Kaldor (1971) suggested that the marketing concept is an inadequate prescription of marketing strategy because customers do not always know what is needed. Furthermore, critics such as Gerken (1990) have pointed out that it is unrealistic to be market oriented because firms are no longer able to keep up with erratic and constantly changing demand and market developments. Bennett and Cooper (1979) have noted that the ability of customers to verbalize what they need is limited by their knowledge. Hence, marketers sometimes need to anticipate future needs and wants of consumers to be successful. Indeed, Bennett and Cooper (1979) and Hayes and Abernathy (1980) argue that market orientation induces businesses into being interested in short-term and intermediate customer needs, which can be detrimental to innovation and the long-term success of a company.

Studies using samples from US companies (Jaworski and Kohli, 1993; Narver and Slater, 1990; Pelham, 1997; Raju et al., 1995) found undeniable support for a positive association between market orientation and business performance however, mixed findings are reported from non-US studies (Deng and Dart, 1994; Diamantopoulos and Hart, 1993).

Emerging management paradigms are emphasizing a stakeholder perspective (Atkinson et al., 1997). To evaluate the performance impact of such paradigm, and to consider the interest of multiple stakeholder groups, business performance was defined for this study with the domain borrowed from the multi-model performance framework (MMPF) of Weerakoon (1996). The MMPF model consist of four dimensions including employee motivation, market performance, productivity performance and societal impact, and covers the satisfaction of stakeholders such as customers, investors, employees, suppliers and society. 14 items of MMPF model were used in the questionnaire to tap the level of performance of Iranian SMEs in the past three years. On the basis of the above we hypothesize that:

H1: Market orientation (MO) has a positive direct effect on business performance (BP) in both sample groups of website adopters and non website adopters among Iranian SMEs.

2.3 Market Orientation and Website Adoption

Slater and Narver (1994) hold that "... a market orientation is valuable because it focuses the organization on continuously collecting information about target customers' needs and competitors' capabilities and uses this information to create continuously superior customer value". They, conceptualize three behavioral components that are customer orientation, competitor orientation, and interfunctional coordination. This implies that a market oriented firm is likely to gather more information on markets and environments. Market orientation facilitates an organization's innovativeness (Jaworski and Kohli, 1993). This suggests that market oriented firms are more likely to recognize the internet as a useful tool to collect information about markets and competition and are more likely to adopt the internet. (Nguyen and Barret, 2006). Therefore we hypothesize that:

H2: Market orientation (MO) has a positive direct effect on website adoption (WA) in both sample groups of website adopters and non-website adopters among Iranian SMEs.

2.4 TAM Variables

The internet is a promising tool for firms; it helps support them in their business activities in a variety of ways. This has been explained by the fact that many firms in developed countries have established their presence on the internet. However, there may not be the case for many firms in transitional markets like Iran. This leads to the need for research to discover factors that contribute to the adoption of the internet in those countries.

A number of studies of IT adoption have been reported in the literature such as the TRA - Theory of Reasoned Action (Fishbein and Ajzen, 1975), TPB - Theory of Planned Behavior (Ajzen, 1991) and TAM - Technology Acceptance Model (Davis, 1989). For IT adoption models, TAM has a strong base in theory and has been supported by a large number of empirical studies (Nguyen and Barret, 2006). TRA and TPB are more difficult to apply across diverse user contexts than TAM. Mathieson found that TAM explained attitude much better than TRA and TPB, also TAM is quicker. According to Igbaria et al. in 1997, TAM is believed most robust and influential among different models in IT adoption behavior.

Moreover, the main constructs in TAM consist of behavioral intention, attitude, perceived usefulness and perceived ease of use, that are hypothesized to be fundamental determinants of user acceptance of IT, can be appropriately applied in this study.

2.4.1 Behavioral Intention

Igbaria et al. (1997) defined usage as the amount of time interacting with a technology. Also, according to their study individuals are likely to use a system if they believe it will increase their performance productivity. In the study by Davis (1989) adoption was measured by the length of time spent on the web and this is also the basis for measuring adoption in this study.

The behavioral intention toward internet adoption construct is an indication of a decision maker's readiness to adopt the websites. According to Sun (2003) behavioral intention is a good predictor of actual usage of a technology and this assertion has received strong empirical supports from previous studies. On this basis we hypothesize that:

H3: Behavioral intentions (BI) have a positive direct effect on website adoption (WA) in both sample groups of website adopters and non-website adopters among Iranian SMEs.

2.4.2 Attitude

Brouthers et al. (1998) conducted a study on strategic decision making of managers in small firms. They found that "small firm managers tended to choose strategies based on their personal desires and backgrounds, as opposed to selecting the best-fit strategy based on rational analysis". The attitude construct represents the decision maker's positive or negative feelings toward having a website. Users are likely to have a positive attitude if they believe that website adoption will increase their effectiveness. Hence:

H4: The attitude (AT) managers have toward websites has a direct effect on behavioral intention (BI) toward internet adoption in both sample groups of website adopters and non-website adopters among Iranian SMEs.

2.4.3 Perceived Usefulness

The perceived usefulness of the internet adoption construct represents the degree to which a manager believes that using a website would enhance his job performance and effectiveness. Several studies reported by Yu et al., (2005) in the information technology area found that perceived usefulness is a significant predictor of attitude. Also, some researchers such as Igbaria et al., (1997) report that perceived usefulness have a strong direct effect on actual usage. Therefore:

H5. Perceived Usefulness (PU) has a positive direct effect on attitude (AT) toward website adoption in both sample groups of website adopters and non website adopters among Iranian SMEs.

H6. Perceived Usefulness (PU) has a positive direct effect on actual usage (AU) of website in both sample groups of website adopters and non website adopters among Iranian SMEs.

2.4.4 Perceived Ease of Use

The perceived ease of use construct of the model represents the degree to which a person believes that using the website would be free of physical and mental effort. Davis (1989) found that perceived ease of use directly and indirectly affects actual usage through its impact on attitude toward usage. Several researchers in information systems (e.g. Yu et al., 2005) have shown that the direct effect of perceived ease of use on attitude and actual usage. Therefore:

H7. Perceived ease of use (PEOU) has a positive direct effect on attitude (AT) toward website adoption in both sample groups of website adopters and non website adopters among Iranian SMEs.

H8. Perceived ease of use has a positive direct effect on actual usage (AU) of website in both sample groups of website adopters and non website adopters among Iranian SMEs.

The proposed conceptual model of the Impact of Market orientation on Business Performance and website Adoption among Iranian SMEs” that incorporates the eight hypotheses above is shown in figure1.

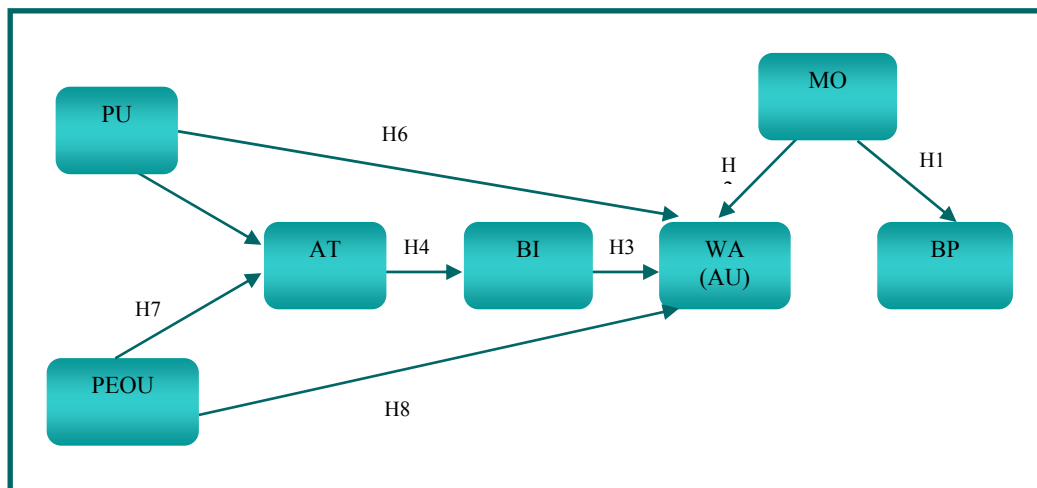


Figure1. Research Framework

3. METHODOLOGY

3.1 Measurement of Constructs

The questionnaire of this study consists of four parts. Part one asked the respondents to answer 19 MKTOR scale questions developed by Narver and Slater (1990) intended to measure respondents' market orientation. Part two consists of 14 items that tap the level of performance of Iranian SMEs by using MMPF model developed by Weerakoon (1996). Part three seeks to capture the perceptions of respondents toward website adoption in their job by asking 14 questions from TAM developed by Davis et al. (1989). All questions in the first three parts of the questionnaire were assessed using a five point Likert scale with end points described by 'strongly disagree' =1 and 'Strongly agree' = 5. Finally, part four tries to gather classificatory information about respondents and their firms. After the questionnaire was developed, it was important to make the items compatible with Iranian business culture, so, the questionnaire was translated to Farsi. Pilot testing was conducted in order to assess the questionnaire's comprehension and eliminate potential problems. As a result several questions were improved and a few statements were made more applicable to Iranian circumstances.

3.2 Sampling, Target Population and Data Collection

The population of interest was defined as the top managers or decision makers of Small and Medium sized businesses geographically distributed all over Iran. It is necessary to mention that the "medium-sized firms" does not exist according to the law in Iran; therefore, it is impossible to find any agreed upon definition for medium-sized enterprises. With respect to the lack of published information and the problem of accessibility to the correct data, the criterion in this study has been limited to the number of employees; to be consistent with European parliament definition, minimum 1 and maximum 250 full time employees was defined as the lower and upper limit for Iranian SMEs in this research.

The sample was collected during 2006 in two phases. First, the database of SMEs with email addresses available from the Ministry of Industry and Mines was used. The first sample group was contacted by email, whereby the survey instrument was enclosed as an attached word file. Respondents were instructed to return the completed questionnaire by email to the author's email address. Data collected in the first phase consisted of 60 completed questionnaires from SMEs with websites and 34 questionnaires from SMEs without websites, which represents low level of response, rate i.e. 9.4%.

In the second phase questionnaires were collected from the Tehran International Industrial Fair organized by the Iran International Exhibitions Company (IIEC- the leading organizer of specialized exhibitions in Iran). This exhibition was suitable for this research because most of the firms which took part were in SME sector. Respondents have been asked to fill the questionnaire at their own place in International Fair. 62 questionnaires from website adopters and 71 questionnaires from non-website adopters were collected in the second phase with response rate of 66.5%. The completed questionnaires were screened to identify out-of-range scores by examining the minimum and maximum values for each question. 219 questionnaires remained after data filtering to eliminate invalid responses.

4. DATA ANALYSIS AND RESULT

Cronbach's alpha was initially used to assess the reliability of the measures. These measures were subsequently tested using confirmatory factor analysis (CFA) with the aim of assessing the validity of the constructs in the study. Analysis of the data was done using the PLS (Partial Least Square), which is one of the SEM techniques. Structural Equation Modeling (SEM) enables researchers to answer a set of interrelated research question in a single, systematic and comprehensive analysis by modeling the relationship among multiple and dependent constructs simultaneously. This capability for simultaneous analysis differs greatly from most first generation regression models such as linear regression, ANOVA and MANOVA, which can analyze only one layer of linkages between independent and dependant variable at a time.

Demographic analysis shows the majority (37.6%) of website adopters spend on average more than 15 hours on internet per week. The results are completely opposite for non-website adopters who spend mostly (41.2%) less than one hour on the internet per week.

4.1 Construct Reliability and validity Assessment

Reliability concerns the extent to which an experiment, test or any measuring procedure yields the same results on repeated trials. All the reliability values of each construct in this study are greater than the benchmark of 0.60 which recommended by Bagozzi and Yi (1988) as a good indicator of reliability.

Validity can be defined as the extent to which any measuring instrument measures what it is intend to measure. In assessing validity, weights should be interpreted for formative measure i.e. market orientation, business performance and actual usage, while loadings for reflective measures i.e. behavioral intention, attitude, perceived usefulness and perceived ease of use. In the case of formative measures, all item measures can be independent of one another since they are viewed as items that create the "emergent factor". Thus, high loadings are not necessarily true, under this situation. Chin and Gopal (1995) suggests that the weights of each item be used to assess how much it contributes to the overall factor. For reflective measures, all items are viewed as parallel measures capturing the same construct of interest. Thus, the standard approach for evaluation is used, where all path loadings from constructs are expected to be strong i.e. 0.7 or higher (Limayem et al. 2000). For all constructs with multiple reflective measures, all items have high loadings of above 0.7 except three items (AT1, PU3 and PEOU3). These items were thus omitted from the original questionnaire.

4.2 Result of Research Hypothesis Tests

Table 1 provides the result of testing the structural links of the proposed research model using PLS analysis. Most of the path coefficients are significant at the 99% significance level providing strong support for all the hypothesized relationships. These results represent confirmation of the appropriateness of the MKTOR, MMPF and TAM for their applicability to market orientation, business performance and website adoption, respectively among Iranian SMEs.

4.2.1 Explaining Market Orientation and Business Performance

Previous studies have found a clear impact of market orientation on business performance. Here we have attempted to provide a model for how this impact takes place using an e-commerce environment. The result of PLS analysis reveals that Market orientation is significantly positively related to business performance in both sample groups of website adopters ($\beta = 0.705$, $p < 0.01$) and non-website adopters ($\beta = 0.684$, $p < 0.01$), although this link is somehow stronger in website adopters. So, H1 is supported. Our result should not be taken to imply that there are no other variables mediating the effect of market orientation on business performance, market orientation can only account for over 53% of the variance of business performance in website adopters and 48% of the variance in non website adopters in this study. The other variables that can effect, including external factors, have not been taken into account in this study.

4.2.2 Explaining Market Orientation and Website Adoption

Previous studies shows that market oriented firms are more likely to search for innovativeness including internet adoption (Nguyen and Barret, 2006). The result of this study confirms the above statement and shows that market orientation is significantly positively related to website adoption as a useful business tool in both sample groups of website adopters ($\beta = 0.607$, $p < 0.01$) and non-website adopters ($\beta = 0.355$, $p < 0.01$). This link is much stronger in the website adopters than the non-website adopters group. So, H2 is supported.

4.2.3 Explaining Actual Usage Behavior

Behavioral intention ($\beta = 0.442$, $p < 0.01$), perceived usefulness ($\beta = 0.534$, $p < 0.01$) and perceived ease of use ($\beta = 0.408$, $p < 0.05$) are significantly positively related to actual usage behavior i.e. adoption of website in the sample of website adopters. The effects of these three antecedents of internet adoption behavior accounted for 49.8% of the variance in this variable. In this research, perceived usefulness and behavioral intention had the strongest effects with the path coefficients of 0.539 and 0.422 respectively. In the non-website adopters group behavioral intention ($\beta = -0.159$), perceived usefulness ($\beta = -0.460$) and perceived ease of use ($\beta = 0.098$) are not significantly and positively related to actual usage behavior. In other words, it implies that managers of Iranian SMEs who have not yet adopted websites did not find it easy and useful to have website and are not eager to have it in the near future. Therefore, the results do not support H3, H6 and H8.

4.2.4 Explaining Behavioral Intention toward Website adoption

Intention to adopt website in this research is predicted by attitude ($\beta = 0.782$, $p < 0.01$) in the website adopters sample and ($\beta = 0.0655$, $p < 0.01$) in the non-website adopters sample, respectively. The result shows that attitude is directly and positively related to behavioral intention toward website adoption in both sample groups, although, the impact of attitude on behavioral intention is stronger in website adopters than non-website adopters. This result is consistent with previous studies on TAM. Therefore, these results support H4. The effects of attitude on behavioral intentions accounted for over 40% of the variance in this variable in both sample groups. This is an indication of the good explanatory power of the model for intention.

4.2.5 Explaining Attitude

Previous studies on TAM employ attitude and belief about ease of use and usefulness to explain intention to use website. In fact, these beliefs have been created from experiences, outside information or self generated. The significance of the effects of perceived ease of use and perceived usefulness in this research indicates the importance of these two constructs in shaping attitude. Both perceived usefulness and perceived ease of use have strong effect on attitude with the path coefficients of $\beta = 0.577$ and $\beta = 0.459$ respectively in website adopters group and $\beta = 0.241$ and $\beta = 0.289$ respectively in non-website adopters. In fact, over 43.5 % of the variance in attitude is explained by these two constructs in the first sample group and over 37.5% of variance in attitude is explained by perceived ease of use and perceived usefulness in non website adopters. So, according to the results of this research H5 and H7 are supported.

Table 1. Hypotheses Testing

Hypothesis	Effects ¹	Users	Path Coefficient	T	Remarks ²
H1	MO \rightarrow BP	Website Adopters	0.705*	16.521	S
		Non-Website Adopters	0.684*	12.831	S
H2	MO \rightarrow AU	Website Adopters	0.607*	3.921	S
		Non-Website Adopters	0.355*	3.567	S
H3	BI \rightarrow AU	Website Adopters	0.422*	2.291	S
		Non-Website Adopters	-0.159	-1.554	NS
H4	AT \rightarrow BI	Website Adopters	0.782*	14.285	S
		Non-Website Adopters	0.655*	3.804	S
H5	PU \rightarrow AT	Website Adopters	0.577*	4.01	S
		Non-Website Adopters	0.241**	2.545	S
H6	PU \rightarrow AU	Website Adopters	0.534*	3.169	S
		Non-Website Adopters	-0.46	-1.852	NS
H7	PEOU \rightarrow AT	Website Adopters	0.459*	3.487	S
		Non-Website Adopters	0.289*	2.86	S

¹ MO, market orientation, BP, business performance, AU, actual usage, BI, behavioral intention, AT, attitude, PU, perceived usefulness, PEOU, perceived ease of use

² S, supported, NS, not supported

* p<0.01

** p<0.05

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H8	PEOU → AU	Website Adopters	0.408**	2.029	S
		Non-Website Adopters	0.098	0.936	NS

5. DISCUSSION AND IMPLICATIONS

This research has implications both for theory development and for practicing managers. The main contribution to theory development involves the confirmation of some of the hypothesized relationships among the constructs of market orientation, business performance and website adoption.

There are number of implications for practicing managers. The instruments used in the research are available as a check list for management to measure their own market orientation and business performance. The findings of this study are of particular importance to managers who are responsible for developing and implementing strategies. To enjoy the advantages of market orientation, leadership is essential in the organization's ability to motivate organizational change that is vital to the development and maintenance of market oriented strategies. Organizational change towards market orientation often results in the flattening of the organizational structures, managing processes rather than functional specialization, outsourcing of non-critical activities, forming networks of relationships with other organizations, and mostly with creating an organizational culture in which every employee views the customer as a primarily stakeholder. These variables are critical components for achieving superior business performance. However, the positive effect of market orientation on organizational effectiveness is not only reflected in superior financial performance but has also been linked to other factors that are beneficial to the customers, the firm and its employees, and society in general. Aspects beneficial to the customers are stronger level of satisfaction and access to better products. Factors beneficial to the firm include a better capacity for innovation including web based activities, a greater entrepreneurial proclivity, stronger interdepartmental integration and improved employee's organizational commitment. For employees, market orientation brings an esprit-de-corps working environment and for society market orientation promotes a strong ecological orientation.

From the view point of marketing practitioners engaging in Iran trade, the results obtained from our study can be helpful. Up to now, no serious study has been conducted in Iran environment about the best business strategy despite the phenomenon growth of many Iranian economies. Consequently, there are a lot of marketing myths in Iran that are not founded in solid empirical evidence. For example, many firms hold the belief that Iranian economy and business life is preoccupied with good personal network of relationships, therefore, the best strategy for firms in Iran is to spend resources on cultivating personal relationships with their business partners, particularly government officials who are involved in a business transaction. Despite the importance of relationship building, our findings suggest that a total relationship orientation without due regard given to market orientation may not be a sensible strategic orientation, high levels of market orientation were found to be associated to high level of business performance and website adoption. In other words, market orientation is a critical success factor for companies operating in Iran. Like their counterparts in the US, highly market oriented firms in Iran business environment would outperform those with low level of market orientation.

Results from the analysis of this research also suggest that Iranian SMEs with higher level of market orientation have greater intention for accepting new innovations and technologies like having website as the earliest stage for entering e-commerce environment. From Iranian managers' perspective, perceived attitude of internet adoption plays the most important role in modifying the internet adoption decision. Perceived usefulness and perceived ease of use are the most important reasons for managers having a positive attitude toward internet adoption. So, in order to increase the adoption level among Iranian SMEs, it is important to help decision makers to believe that internet is easy to use and useful for their job; in this regard governmental organizations and public administration can deliver the training programs through seminars, publications and guides in order to increase the knowledge of the managers of SMEs regarding the benefits of internet, also some educational demonstrations can be made in order to show decision makers that internet applications are easy to use and would enhance their firms' performance.

Business success depends on customers. This statement now sits at the heart of marketing thinking and drives research into market orientation. Yet, we are all aware that the marketing concept didn't always dominate organizational thinking. Indeed, many firms emphasis on organizational efficiency and the use of marketing techniques to persuade. Market orientation provides us with a way to formalize our relationship with the market we serve rather than standing above these markets. It is now accepted that being nice to customers bring profits. There is more, we need to understand those customers – what they want, how they relate to our business and much else besides. So, market orientation would be beneficial for top managers in different ways; they must base their actions on market understanding, they should agree on a corporate interpretation of the operating environment and they must act as a coherent team rather than as heads of individual functions.

All these bring us to the final challenge; we have to take the marketing concept and the idea market orientation and translate it into a practical set of policies and actions.

5.1 Limitation and Direction for Future Research

There are a number of limitations associated with this research. First, the sample selection may limit the ability to generalize the finding to the overall population. Second, although the choices for each question were adopted from previous studies, all possible alternatives might not have been considered. Third, the sample is mainly of companies whose number of employees varies between 1 to 250 but the sample has a predominance of the smaller firms. Fourth, self-reports were used to measure market orientation, business performance and internet adoption, Self-reports may create self-generated validity and thus inflated causal linkages. Fifth, the effect of market orientation on performance and adoption could be time dependent. Hence, companies that are implementing the marketing concept today may not experience the full effect until years from now. Finally, cross-sectional data were used to test the association of market orientation with website adoption and business performance; such data captures the perception of managers at a certain point in time. So, the study provides only a snapshot picture at a single point in time, which means that the research is valid only if external environment variables such as: government regulations, economic cycle, competitive environment, etc, are unaffected.

Future research could build upon this study through replication across different samples and across a range of different IT innovations. The validated research framework proposed in

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this study can then serve as a basis for hypotheses formulation for future research in this area. A longitudinal study would provide more conclusive evidence to the relationship between market orientation, business performance and website adoption. In future research, MKTOR, MMPF and TAM can be replaced by other models such as MARKOR for market orientation, objective business performance and TRA and TPB for adoption.

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